

Name..... Index No.

School Candidates Signature.....

Date.....

565/1
BUSINESS STUDIES
Paper 1
July/ August 2010
Time: 2 Hours

BOMET/CHEPALUNGU JOINT EVALUATION TEST - 2010
Kenya Certificate of Secondary Education (K.C.S.E)

565/1
BUSINESS STUDIES
Paper 1
Time: 2 Hours

INSTRUCTIONS TO CANDIDATES

- Answer all the questions in the spaces provided.

For Examiner's Use Only

Question No	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Question No	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

*This paper consists of 8 printed pages.
Candidates should check the question paper to ensure that all pages are printed as indicated
and no questions are missing*

1. Highlight four ways in which a firm can improve the productivity of its human resources (4mks)

- i)
- ii)
- iii)
- iv)

2. Highlight four measures man can take to satisfy his unlimited wants using scarce resources (4mks)

- i)
- ii)
- iii)
- iv)

3. Outline four challenges that a distributor of fresh milk is likely to face in his operations (4mks)

- i)
- ii)
- iii)
- iv)

4. Outline four benefits a business person would get from using a cellular (mobile)phone (4mks)

- i)
- ii)
- iii)
- iv)

-
5. The item given in table are either injections or withdrawals with the circular flow of income of a country. Indicate by tick (✓) in the space provided whether the item is an injection or withdrawal (4mks)

Item	Injection	Withdrawal
a) Taxes		
b) Private investment		
c) Export Earning		
d) Savings		

6. The conditions given below describe the various market structures. Write the correct market structure against each of the conditions in the spaces provided.

Condition	Market Structure
a) Market structure determines price for the product	
b) There is free entry and exit	
c) Market structure with many sellers of differentiated products	
d) Product involved is homogeneous	

7. Nyamu Traders had the following information extracted from their books of account as at 31st December 2003

Capital (01/01/03)	3,500,000
Additional investment	710,780
Drawing for the year	35,220
Capital (31/12/03)	5,000,000

Determine profit for the year (4mks)

.....

.....

.....

.....

.....

8. Highlight four circumstances under which a firm will prefer to establish an open office

Layout. (4mks)

i)

.....

- ii)
-
- iii)
-
- iv)
-

9. State four reasons why a business-man would prefer to set up a business with others rather than going it alone. (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

10. Highlight four reasons why 'boda boda' commuter transport service is becoming popular in Kenya. (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

11. Outline four benefits of pooling of risks to an insured. (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

12. Outline four factors that an entrepreneur will consider when determining the most viable business opportunity. (4mks)

- i)
- ii)
- iii)
- iv)

13. State four ways in which a business can be socially responsible to the community (4mks)

- i)
- ii)
- iii)
- iv)

14. The following information was obtained from the books of Mambo Traders as at 31st July 2008.

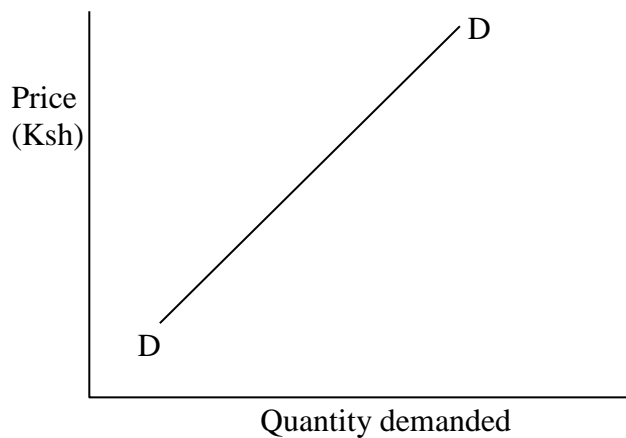
Motor vehicle	80,000
Plant and machinery	70,000
Bank loan	60,000
Stock	25,000
Debtors	30,000
Cash in hand	20,000
Creditors	30,000

Prepare Mambo's balance sheet as at 31st July 2008. (4mks)

15. Outline four reasons why a government may get involved in commercial activities (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

16. The figure below shows a demand curve



State four cases in which a demand curve may behave as shown above. (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

17. State whether the following transactions increased, decreased or had no effect on the balance sheet totals. (4mks)

Transaction	Effect on balance sheet totals
a) Proprietor deposited extra cash into	

business cash account	
b) Received cash from a debtor	
c) Paid a creditor by cheque	
d) Bought office furniture in cash	

18. State any four internal economies of scale (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

19. In each of the following cases, state the type of unemployment described. (4mks)

- i) People losing work due to the decline of a certain industry.....
- ii) People being unemployed in all sectors of the economy due to insufficient aggregate demand.....
- iii) People remaining unemployed at certain times of the year.....
- iv) Several people doing work that could be done by very few people

20. State four reasons why a business organization maintains a two column cashbook (4mks)

- i)
-
- ii)
-
- iii)
-
- iv)
-

21. The following information relates to Timau Enterprises for the year ended 31st September 2008

Mark up 25%
Sales Ksh.250,000
Determine;

- i) Gross Profit (2mks)

ii) The margin percentage (1mk)

iii) Cost of goods sold (1mk)

22. Highlight four characteristics of underdevelopment in an economy (4mks)

- i)
- ii)
- iii)
- iv)

23. Highlight four features of a good tax system (4mks)

- i)
- ii)
- iii)
- iv)

24. State the type of advertisement described below; (4mks)

- i) It is meant to promote the name of the business enterprise
- ii) Aims at giving general information to the consumers about the availability of a certain product
- iii) Using famous persons in the advertisement campaign.....
- iv) Aims at promoting the sales of a particular brand of a product

25. Outline four characteristics of economic resources. (4mks)

- i)
- ii)
- iii)
- iv)